

CPP ANNUAL USE OF CAPITAL SURVEY - 2011



NAME OF INSTITUTION

(Include Holding Company Where Applicable)

Avidbank Holdings, Inc. formerly Peninsula Bank Holding Co.

Point of Contact:	Steve Leen	RSSD: (For Bank Holding Companies)	3680980
UST Sequence Number:	331	Docket Number: (For Thrift Holding Companies)	
CPP/CDCI Funds Received:	6,000,000	FDIC Certificate Number: (For Depository Institutions)	57510
CPP/CDCI Funds Repaid to Date:		Credit Union Charter Number: (For Credit Unions)	
Date Funded (first funding):	January 30, 2009	City:	Palo Alto
Date Repaid ¹ :	N/A	State:	California

¹If repayment was incremental, please enter the most recent repayment date.

American taxpayers are quite interested in knowing how banks have used the money that Treasury has invested under the Capital Purchase Program (CPP) and Community Development Capital Initiative (CDCI). To answer that question, Treasury is seeking responses that describe generally how the CPP/CDCI investment has affected the operation of your business. We understand that once received, the cash associated with TARP funding is indistinguishable from other cash sources, unless the funds were segregated, and therefore it may not be feasible to identify precisely how the CPP/CDCI investment was deployed or how many CPP/CDCI dollars were allocated to each use. Nevertheless, we ask you to provide as much information as you can about how you have used the capital Treasury has provided, and how your uses of that capital have changed over time. Treasury will be pairing this survey with a summary of certain balance sheet and other financial data from your institution's regulatory filings, so to the extent you find it helpful to do so, please feel free to refer to your institution's quarterly call reports to illustrate your answers. This is your opportunity to speak to the taxpayers in your own words, which will be posted on our website.

What specific ways did your institution utilize CPP/CDCI capital? Check all that apply and elaborate as appropriate, especially if the uses have shifted over time. Your responses should reflect actions taken over the past year (or for the portion of the year in which CPP/CDCI funds were outstanding).

☒ **Increase lending or reduce lending less than otherwise would have occurred.**

We seek to maintain our Total Risk Based Capital Ratio above 12% during these difficult times. Without the additional capital we would have dropped to close to 10.5% and would have had to reduce lending to bring the ratio back up to the 12% level.

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☒ To the extent the funds supported increased lending, please describe the major type of loans, if possible (residential mortgage loans, commercial mortgage loans, small business loans, etc.).

We increased lending in the areas of commercial real estate and commercial and industrial loans to small and medium sized businesses.

☐ Increase securities purchased (ABS, MBS, etc.).

☐ Make other investments.

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☐ **Increase reserves for non-performing assets.**

☐ **Reduce borrowings.**

☐ **Increase charge-offs.**

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<input type="checkbox"/>	Purchase another financial institution or purchase assets from another financial institution.
<div></div>	

<input type="checkbox"/>	Held as non-leveraged increase to total capital.
<div></div>	

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What actions were you able to avoid because of the capital infusion of CPP/CDCI funds?

Receipt of TARP funds allowed us to avoid the curtailment of our lending. During these difficult times our Bank is seeking to maintain a Tier 1 Leverage Ratio of over 9% and without TARP funds we would have fallen close to 8%. As a result, we would have had to turn away loans in order to maintain capital above the 9% level.

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What actions were you able to take that you may not have taken without the capital infusion of CPP/CDCI funds?

The capital infusion allowed us to continue lending to support business activity in our community. In addition, we were able to hire additional loan production personnel to generate growth made possible by the additional capital.

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Please describe any other actions that you were able to undertake with the capital infusion of CPP/CDCI funds.